

The Alabama Business Intelligence Center (AL Intel) delivers quarterly insights on industry trends, economic development, and sector opportunities through an Alabama-focused lens. We highlight key research findings, growth initiatives, and economic priorities shaping the state's business landscape.

Want to engage with us? Reach out to Lauren Hyde, Executive Director at [hyde@edpa.org](mailto:hyde@edpa.org)



## **CatALyst: Unlocking Alabama's Economic Potential**

### The Challenge & Opportunity

Alabama faces challenges in population growth, GDP growth, labor force participation, and productivity, all of which trail peer states and national averages. However, Alabama's employment specialization in key sectors and business-friendly environment provide a strategic foundation for growth.

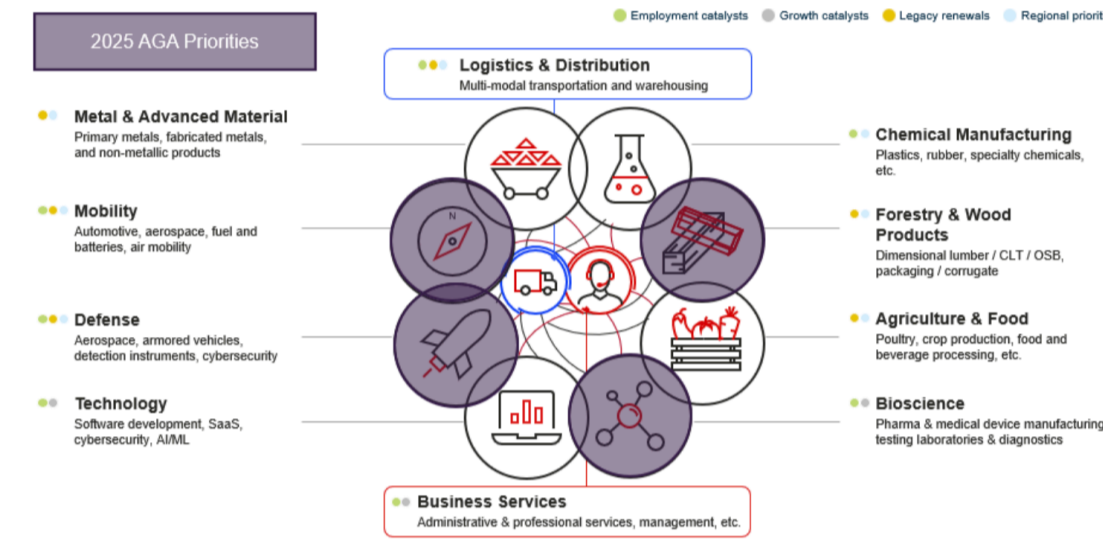
The key? Prioritizing high-employment specialization sectors with growth potential and boosting productivity through innovation, tech adoption, and workforce development.

### **2025 Target Sectors: Alabama Growth Alliance Priorities**

The [Alabama Growth Alliance](#), a public-private coalition driving economic strategy, has identified four high-impact sectors for 2025:

- ◆ **Mobility – Strengthening Alabama's Leadership in Automotive & Aerospace**
  - Alabama is highly specialized in automotive and aerospace, ranking among the top U.S. states in GDP and employment in these industries.
  - **Opportunities:** Expanding the supply chain, leveraging raw materials critical in Alabama, and integrating advanced materials, chemical manufacturing, and defense applications into the sector.
- ◆ **Defense – Innovating in Cybersecurity, Aerospace, & Armored Vehicles**
  - Alabama's defense sector is a key economic driver, with deep expertise in missile defense, military manufacturing, and cyber innovation.
  - **Growth Focus:** Encouraging R&D, modernizing the defense supply chain, and positioning Alabama as a hub for next-generation defense technology.
- ◆ **Forestry & Wood Products – Advancing High-Value Manufacturing**
  - With significant GDP and employment specialization, Alabama is a national leader in forestry and wood products.
  - **Strategic Goals:** Attracting higher value-add wood manufacturing, such as cross-laminated timber (CLT) and engineered wood, and investing in associated machinery and tech advancements.
- ◆ **Bioscience – Driving Growth in Biotech, Pharma, & Medical Devices**
  - Alabama has experienced employment growth in bioscience, presenting an opportunity to expand innovation and talent retention.
  - **Emerging Trends:**
    - U.S. decoupling from foreign biotech manufacturing → Creating opportunities for domestic expansion
    - Diverse clinical trials and biotech research growth → Positioning Alabama as a hub for pharmaceutical, medical device manufacturing, and diagnostics.

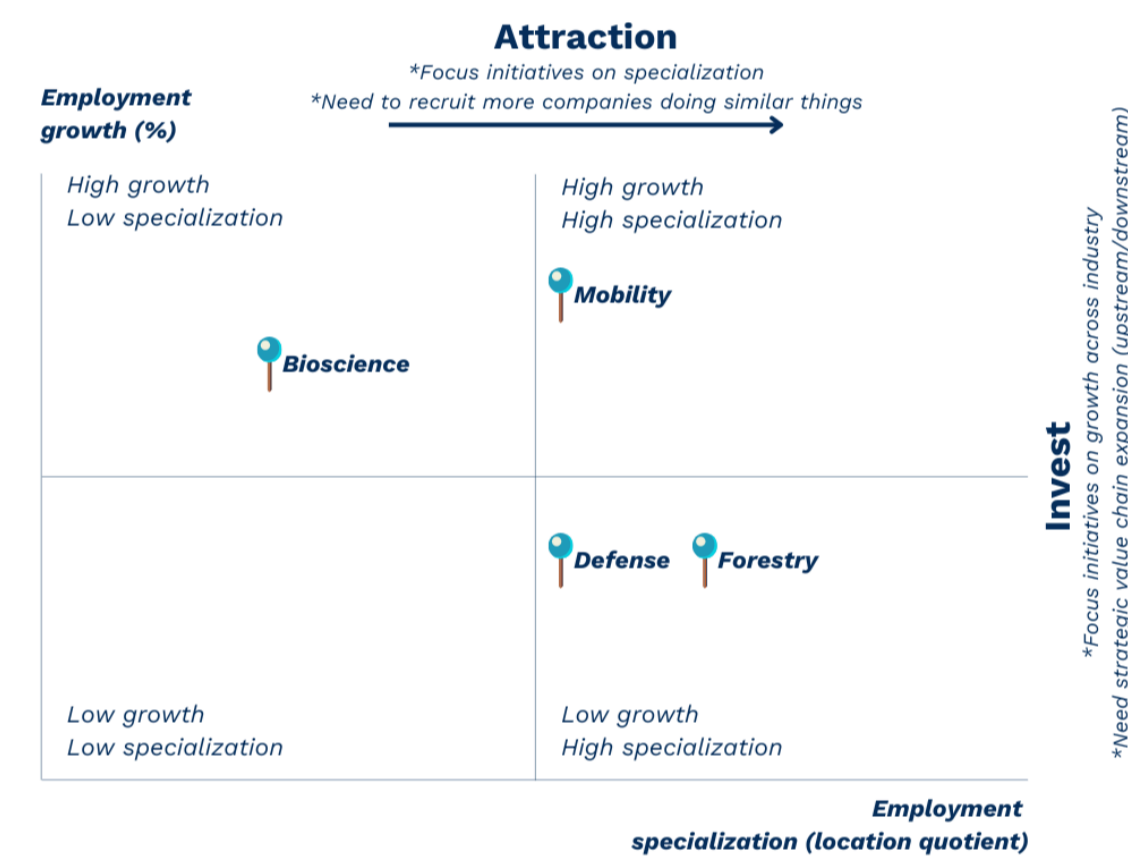
**Priority sectors and enablers are interconnected and call for an integrated approach**



### **Investing in Value Chain Expansion**

Cross-sector investment will maximize Alabama's economic potential:

- ✔ **Defense & Mobility Overlap** → Growth in advanced air mobility and sustainable aviation fuel.
- ✔ **Mobility & Forestry** → sustainable aviation fuel.
- ✔ **Attracting Bioscience Startups** → Innovate Alabama's SBIR/STTR supplemental grants are already fostering new biotech business opportunities.



### **Feature: Alabama's Labor Productivity – A Key to Economic Growth**

Alabama ranks #42 in labor productivity nationwide, lagging behind peer states such as Georgia (#17). However, Alabama ranks #28 in output per dollar of labor cost, outperforming North Carolina, Kentucky, and South Carolina—signaling potential efficiency gains.

### Why Productivity Matters More Than Workforce Size

Simply increasing the labor force participation rate (LFPR) won't significantly impact GDP growth.

The real opportunity? Enhancing productivity in specialized industries.

- ◆ **Key Strategies:**
  - Investing in automation & innovation in priority sectors.
  - Upskilling & reskilling Alabama's workforce.
  - Strengthening sector-specific technology adoption.

Read our in-depth report on [Alabama's Labor Productivity](#)

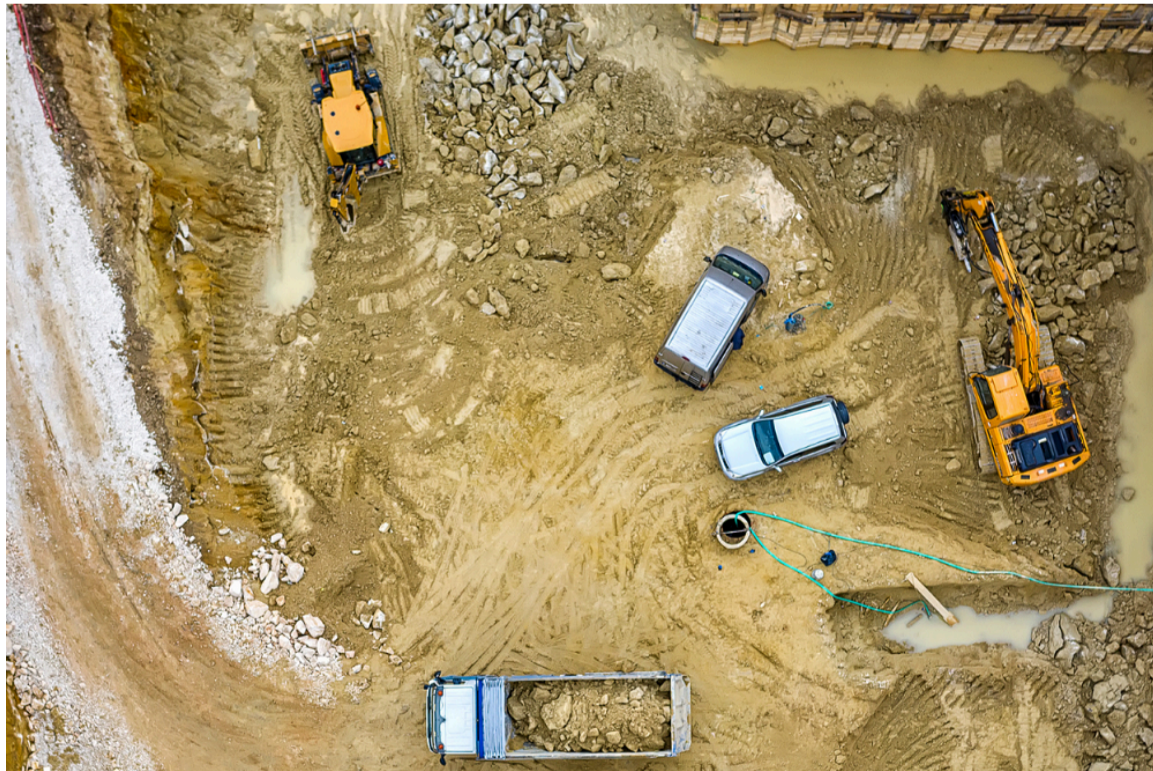


### **Earnings Calls: Industry Watch**

Tracking 55 public companies with Alabama operations provides insight into emerging industry trends.

- **The Wood Products industry is stabilizing as U.S. housing demand remains resilient:** Lumber pricing is improving due to capacity reductions, while investments in efficiency, geographic expansion, and sustainable manufacturing position companies for long-term growth.
- **The Paper and Packaging industry remains resilient:** There is a strong containerboard and box demand driven by e-commerce and non-durables, while strategic investments in automation and footprint optimization position companies for growth despite rising input costs and logistical challenges.

Access the full earnings report



### **SEEDS: Growing Alabama's Economic Future**

Round 2 of SEEDS (Site Evaluation & Economic Development Strategy) wrapped up in November, with 39 applications from 31 counties—18 from RurAL communities.

Governor Ivey announces \$23.5 million in SEEDS grants to boost Alabama's economic growth:

- Governor Kay Ivey announced today that the State Industrial Development Authority (SIDA) has approved 29 grants totaling \$23.5 million under the Site Evaluation and Economic Development Strategy (SEEDS) program. These grants aim to accelerate the development of industry-ready sites, positioning Alabama to attract transformative economic growth projects.
- The SEEDS grants will support industrial site development in major cities like Mobile, Montgomery and Tuscaloosa, as well as rural communities in counties such as Greene, Fayette and Macon.

Learn more about the [State Industrial Development Authority's \(SIDA\) approval of 29 grants totaling \\$23.5 million](#)

- **Next Steps:**
  - July 1: Anticipated launch of SEEDS Round 3

Learn more about SEEDS & upcoming opportunities

### **About AL Intel**

The Alabama Business Intelligence Center (AL Intel) provides statewide economic research and actionable insights to power business growth and investment.

As Alabama's first centralized research hub, we work to identify opportunities, mitigate risks, and position the state for long-term economic success.